



January 5, 2010

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## HOUSE BILL No. 1004

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DIGEST OF HB 1004 (Updated December 15, 2009 10:18 am - DI 92)

**Citations Affected:** IC 6-1.1; noncode.

**Synopsis:** Property taxes. In making the annual calculation of the base rate for the assessment of agricultural land, requires the department of local government finance to use an adjusted six year average that eliminates the highest and lowest values determined for the six year period. Applies a property tax credit to limit property tax liability on real property based on the percent change in the annual average CPI. Excepts from eligibility for the credit taxes based on certain changes relating to the real property, taxes imposed after being approved by the voters in a referendum or local public question, and taxes payable in the first year after certain transfers of title.

**Effective:** January 1, 2010 (retroactive).

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**Grubb, Pearson, Steuerwald**

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November 17, 2009, read first time and referred to Committee on Ways and Means.  
January 5, 2010, amended, reported — Do Pass.

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HB 1004—LS 6206/DI 52+



January 5, 2010

Second Regular Session 116th General Assembly (2010)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2009 Regular and Special Sessions of the General Assembly.

## HOUSE BILL No. 1004

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-4-4.5, AS AMENDED BY P.L.136-2009,  
2       SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JANUARY 1, 2010 (RETROACTIVE)]: Sec. 4.5. (a) The department  
4       of local government finance shall adopt rules establishing a system for  
5       annually adjusting the assessed value of real property to account for  
6       changes in value in those years since a general reassessment of  
7       property last took effect.

8       (b) Subject to subsection (e), the system must be applied to adjust  
9       assessed values beginning with the 2006 assessment date and each year  
10      thereafter that is not a year in which a reassessment becomes effective.

11      (c) The rules adopted under subsection (a) must include the  
12      following characteristics in the system:

13           (1) Promote uniform and equal assessment of real property within  
14           and across classifications.

15           (2) Require that assessing officials:

16                   (A) reevaluate the factors that affect value;

17                   (B) express the interactions of those factors mathematically;

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- 1 (C) use mass appraisal techniques to estimate updated property  
 2 values within statistical measures of accuracy; and  
 3 (D) provide notice to taxpayers of an assessment increase that  
 4 results from the application of annual adjustments.  
 5 (3) Prescribe procedures that permit the application of the  
 6 adjustment percentages in an efficient manner by assessing  
 7 officials.  
 8 (d) The department of local government finance must review and  
 9 certify each annual adjustment determined under this section.  
 10 (e) In making the annual determination of the base rate to satisfy the  
 11 requirement for an annual adjustment under subsection ~~(a)~~; **(c) for**  
 12 **property taxes first due and payable after 2010**, the department of  
 13 local government finance shall determine the base rate using the  
 14 methodology reflected in Table 2-18 of Book 1, Chapter 2 of the  
 15 department of local government finance's Real Property Assessment  
 16 Guidelines (as in effect on January 1, 2005), except that the department  
 17 shall adjust the methodology to:  
 18 (1) use a six (6) year rolling average **adjusted under subdivision**  
 19 **(2) instead of a four (4) year rolling average; and**  
 20 **(2) eliminate in the calculation of the rolling average:**  
 21 **(A) the year among the six (6) years for which the highest**  
 22 **market value in use of agricultural land is determined; and**  
 23 **(B) the year among the six (6) years for which the lowest**  
 24 **market value in use of agricultural land is determined.**  
 25 (f) For assessment dates after December 31, 2009, an adjustment in  
 26 the assessed value of real property under this section shall be based on  
 27 the estimated true tax value of the property on the assessment date that  
 28 is the basis for taxes payable on that real property.  
 29 SECTION 2. IC 6-1.1-20.6-3, AS AMENDED BY P.L.146-2008,  
 30 SECTION 219, IS AMENDED TO READ AS FOLLOWS  
 31 [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 3. As used  
 32 in this chapter, "property tax liability" means, for purposes of:  
 33 (1) ~~this chapter; other than~~ section ~~8.5~~ **7.5** of this chapter, liability  
 34 for the tax imposed on property under this article determined after  
 35 application of all credits and deductions under this article or  
 36 IC 6-3.5, except the credit under **section 7.5** of this chapter, but  
 37 does not include any interest or penalty imposed under this  
 38 article; and  
 39 (2) ~~section~~ **sections 8.5 and 8.7** of this chapter, liability for the  
 40 tax imposed on property under this article determined after  
 41 application of all credits and deductions under this article or  
 42 IC 6-3.5, including the ~~credit~~ **credits** granted by ~~section 7~~ **or**

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sections 7.5 and 8.7 of this chapter, but not including the credit granted under section 8.5 of this chapter or any interest or penalty imposed under this article.

SECTION 3. IC 6-1.1-20.6-8.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 8.7. (a) As used in this section, "index" refers to the United States Department of Labor Consumer Price Index for all Urban Consumers.**

**(b) As used in this section, "index factor" refers to the percent change in the annual average index determined by dividing the most recently available annual average index for a calendar year by the annual average index for the immediately preceding calendar year.**

**(c) Subject to subsections (d), (e), and (f), an additional credit applies under this section for property taxes first due and payable on real property in 2010 and in each subsequent calendar year in the amount by which the property tax liability first due and payable on the real property for the current calendar year exceeds the property tax liability first due and payable on the real property for the immediately preceding calendar year adjusted by the index factor.**

**(d) Property tax liability imposed:**

- (1) on an improvement to or expansion of the real property;**
- (2) as a result of a physical change to the real property; or**
- (3) as a result of a change in use of the real property;**

**after the assessment date for which property tax liability for the immediately preceding calendar described in subsection (c) was imposed is not considered in determining the credit granted under this section in the current calendar year.**

**(e) Property taxes imposed after being approved by the voters in a referendum or local public question are not considered for purposes of calculating a credit under this section.**

**(f) Except as provided in subsection (g), the credit under this section does not apply for property taxes first due and payable in a calendar year if one (1) or more transfers of title to the real property result in an entity being liable for the property taxes on the real property in that calendar year that is different from the entity that was liable for the property taxes on the real property in the immediately preceding calendar year.**

**(g) Subsection (f) does not apply to real property that is jointly held with another owner following the removal of the joint owner if:**

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(1) the individual is the sole owner of the property following the death of the individual's spouse;

(2) the individual is the sole owner of the property following the death of a joint owner who was not the individual's spouse; or

(3) the individual is awarded sole ownership of property in a divorce decree.

SECTION 4. [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]

The provisions of this act are severable, so that if:

(1) any provision of this act; or

(2) the application of this act to any person or circumstances; is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provision or application.

SECTION 5. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1004, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1004 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 20, nays 4.

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